



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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May 14, 2013

Honorable Mike Gatto, Chair
Assembly Appropriations Committee
State Capitol, Room 2114
Sacramento, CA 95814

Dear Assembly Member Gatto:

I respectfully request your support of the Revenue Recovery and Collaborative Enforcement (RRACE) team embodied in Assembly Bill 576 (V. Pérez) which is set for hearing in the Assembly Appropriations Committee on May 24, 2013.

This bill, supported by the State Board of Equalization (BOE), creates a multiagency team to combat criminal tax evasion related to underground economic activity. RRACE will authorize participating agencies to exchange information when investigating illegal activities related to tax evasion and recapture millions for the State of California.

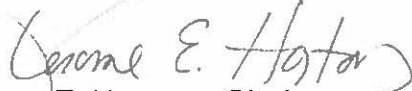
According to a comprehensive survey completed by the UCLA Labor Center (enclosed), California is estimated to lose approximately \$8.5 billion in corporate, personal income, and sales and use tax revenue each year. California critically needs this lost revenue to continue supporting important services such as public safety, healthcare, and schools. Currently, \$60 billion to \$140 billion goes untaxed in California annually as a result of the underground economy.

While different entities and task forces currently work on various aspects of the underground economy, none are primarily focused on criminal tax evasion. As a result, there is a lack of synergy in the collection and analysis of data, the development of strategic and focused investigations, and prosecution efforts related to state taxes.

RRACE will significantly increase the efficiency and effectiveness of the effort to recapture tax revenue lost to illegally operating businesses, thereby resulting in a more robust, legitimate economy.

If you have any questions or need additional information regarding this bill, please contact our Chief of the Legislative and Research Division, Michele Pielsticker, at (916) 322-2376.

Sincerely,



JEROME E. HORTON, Chairman
4th District, Board Member

Enclosure

cc: Assembly Member V. Manuel Pérez
Assembly Member Diane L. Harkey
Assembly Member Franklin E. Bigelow
Assembly Member Raul Bocanegra
Assembly Member Steven Bradford
Assembly Member Ian Calderon
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Assembly Member Tim Donnelly
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Mr. Roger Dunstan, Principal Consultant, Assembly Appropriations Committee